



What You Need to Know about Medicare Prescription Drug Coverage if You Have a Medigap Policy

Medicare offers prescription drug coverage (Part D) for all people with Medicare. Insurance companies and other private companies approved by Medicare offer stand-alone drug plans called Medicare Prescription Drug Plans to help people with the Original Medicare Plan pay for their prescription costs. Because of Medicare prescription drug coverage, the rules about prescription drug coverage under Medigap policies have changed.

Whether or not your current Medigap policy covers prescription drugs, you should take a look at Medicare prescription drug coverage. From November 15–December 31 each year, you can join a Medicare Prescription Drug Plan. **Joining a Medicare Prescription Drug Plan is your choice.**

What if I already have prescription drug coverage from my Medigap policy?

If you have a Medigap policy with prescription drug coverage, you chose not to get Medicare prescription drug coverage when you were first eligible. You can still join a Medicare Prescription Drug Plan. **Read on to see why switching to a Medicare Prescription Drug Plan could help you save money and get better coverage.**

With a Medigap policy, you pay the whole premium for your Medigap prescription drug coverage. In a Medicare Prescription Drug Plan, you may have to pay a premium, but Medicare pays a large part of it for you. In addition, companies can no longer sell Medigap policies with drug coverage, so your premium for Medigap drug coverage may increase faster.

Also, most Medigap policies have a maximum amount they will pay each year for prescription drugs. With Medicare prescription drug coverage, there is no maximum amount. The higher your drug costs, the greater the protection you get.



An Overview of Your Options for Getting Prescription Drug Coverage

OPTION 1: Join a Medicare Prescription Drug Plan, and keep the Medigap policy you have now, with the drug coverage removed.

If you join a Medicare Prescription Drug Plan, you can keep the Medigap policy you have now, but **without** the prescription drug coverage. You will need to tell your Medigap insurance company when your new Medicare Prescription Drug Plan starts, so they can remove the prescription drug coverage from your Medigap policy and adjust your premium.

OPTION 2: Join a Medicare Advantage Plan that includes prescription drug coverage.

If you join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage, you will get all your health care coverage and prescription drug coverage from that plan. In most cases, you can only join a Medicare Advantage Plan from November 15–December 31 each year. If you join a Medicare Advantage Plan, you won't need your Medigap policy because the Medigap policy can't pay any copayments or deductibles under your Medicare Advantage Plan. If you decide to drop your Medigap policy when you join the Medicare Advantage Plan, you can't get your Medigap drug coverage back later. In some cases, you may have certain rights to buy a Medigap policy without prescription drug coverage if your coverage through a Medicare Advantage Plan ends, or you decide to leave the plan during your first year of enrollment.

OPTION 3: Keep your Medigap policy with prescription drug coverage.

If you choose this option, you don't need to do anything. However, keep in mind that if you join a Medicare Prescription Drug Plan later, you will probably have to pay a late-enrollment penalty. Also, no new Medigap policies with prescription drug coverage can be sold, so the premium for your Medigap policy could increase faster. Be sure to ask your Medigap insurance company how your Medigap premium might change in the future.

OPTION 4: Check with your state insurance department to find out what other options you may have.

Some companies and some states may give you even more options.



If I join a Medicare Prescription Drug Plan now, will I have to pay a late-enrollment penalty?

This will depend on whether your Medigap policy is considered “creditable prescription drug coverage.” (This means that the Medigap policy is expected to pay, on average, at least as much as Medicare’s standard prescription drug coverage.) If it isn’t creditable coverage, and you join a Medicare Prescription Drug Plan now, you will probably pay a higher premium than if you had joined when you were first eligible. However, it’s quite possible that a Medicare Prescription Drug Plan could still be a better value. Also, you should consider that your prescription drug needs could increase as you get older. Each month that you wait to join a Medicare Prescription Drug Plan will make your late-enrollment penalty that much higher.

If your Medigap policy is creditable coverage and you decide to join a Medicare Prescription Drug Plan, you won’t have to pay a late-enrollment penalty as long as you **don’t** drop your Medigap policy **before** you join the Medicare Prescription Drug Plan. You can only join a Medicare Prescription Drug Plan from November 15–December 31 each year, unless you lose your Medigap policy (for example, if it isn’t guaranteed renewable and your company cancels it). In that case, you can join a Medicare Prescription Drug Plan at the time you lose your Medigap policy.

Can I join a Medicare Prescription Drug Plan and keep my Medigap policy with prescription drug coverage?

No, you can’t have both. You must tell your Medigap insurance company if you join a Medicare Prescription Drug Plan so they can remove the prescription drug coverage from your Medigap policy. As soon as you notify your Medigap insurance company, they must adjust your premium to reflect the removal of your Medigap prescription drug coverage.

What if I drop my entire Medigap policy (not just the Medigap prescription drug coverage)?

If you want a completely different Medigap policy (not just your old Medigap policy without the prescription drug coverage), or you decide to switch to a Medicare Advantage Plan that offers prescription drug coverage, you need to be careful about the timing. If you drop your entire Medigap policy **more than** 63 days before your new Medicare coverage begins, you will have to pay a late-enrollment penalty. You can join a Medicare Advantage Plan from November 15–December 31 each year.



For More Information

- **To learn more about Medigap policies, Medicare Prescription Drug Plans, and Medicare Advantage Plans in your area, you can do any of the following:**
 - Visit www.medicare.gov on the web. Under “Search Tools,” select “Compare Medicare Prescription Drug Plans” or “Compare Health Plans and Medigap Policies in Your Area.”
 - Read your “Medicare & You” handbook or “Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare” booklet. You can view or download these booklets by visiting www.medicare.gov on the web. Under “Search Tools,” select “Find a Medicare Publication.”
 - Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- **To learn more about your current Medigap policy and other Medigap options,** contact your current Medigap insurance company.
- **To get free health insurance counseling and information about the options available in your state,** contact your State Health Insurance Assistance Program (SHIP). You can get the telephone number by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. The SHIP has counselors who know about the Medigap policies, Medicare Prescription Drug Plans, and Medicare Advantage Plans offered in your area.